

PROSPECTUS

11,166,438 Shares

General Aniline & Film Corporation

Common Stock
(\$1 par value)

The shares of Common Stock of General Aniline & Film Corporation (the "Company") to which this Prospectus relates are outstanding shares being purchased from the Attorney General of the United States by the several Underwriters named under the heading "Underwriting and Terms of Offering." These shares constitute 93.3% of the outstanding shares of Common Stock of the Company. The Company will receive no part of the net proceeds of sale.

The Company has filed an application for the listing of its Common Stock on the New York Stock Exchange.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE
SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION
PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.
ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discounts(1)	Proceeds to Attorney General(2)
Per Share	\$30.60	\$1.124	\$29.476
Total	\$341,693,002.80	\$12,551,076.31	\$329,141,926.49

- (1) Insurance will be provided indemnifying the several Underwriters (as well as the Company and its officers and directors) against certain civil liabilities, including liabilities under the Securities Act of 1933. See "Underwriting and Terms of Offering." The Underwriters will pay all stock transfer taxes on the transfer of the shares to them by the Attorney General.
- (2) Before deducting expenses payable by the Attorney General, as set forth under "Underwriting and Terms of Offering."

The shares of Common Stock offered by this Prospectus are offered subject to their delivery to, and acceptance by, the Underwriters, and the right of the Underwriters to reject orders in whole or in part.

Blyth & Co., Inc.

The First Boston Corporation

The date of this Prospectus is March 9, 1965.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No person has been authorized by the Underwriters, the Company or the Attorney General to give any information or to make any representations not contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been so authorized. This Prospectus does not constitute an offer of Common Stock in any State or other jurisdiction to any person to whom it is unlawful to make such offer in such State or other jurisdiction.

Until June 8, 1965, all dealers effecting transactions in the registered securities, whether or not participating in this distribution, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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By Special Order No. 38 dated February 3, 1965 the Attorney General authorized and directed the Company, its officers and directors to take any action necessary and appropriate on their part in connection with the offer and sale of the shares of Common Stock to which this Prospectus relates, including the filing of a registration statement with the Securities and Exchange Commission under the Securities Act of 1933, as amended. The Company and its officers and directors believe that the provisions of Section 5(b)(2) of the Trading with the Enemy Act and the Special Order relieve them of any liability which might be imposed upon them by virtue of any of the provisions of the Securities Act of 1933, as amended, in connection with anything done or omitted by them in good faith pursuant to the Special Order.

THE COMPANY

The Company* is a diversified enterprise engaged in the manufacture and sale of several thousand products. These products can be generally classified into four main groups: dyestuffs (including pigments), industrial chemicals, photographic products, and document reproduction equipment and supplies. For purposes of management control the manufacturing, domestic marketing and research operations of the Company are grouped into two Divisions: the Dyestuff & Chemical Division and the Photo & Repro Division. Substantially all of the products of the Dyestuff & Chemical Division, which include dyestuffs and pigments, surface-active agents, high-pressure acetylene derivatives, and specialty, organic and heavy chemicals, are sold for use in the manufacture of other products by a variety of industries. Products of the Photo & Repro Division, which include Ansco® films, paper, processing chemicals and photographic equipment and Ozalid® reproduction machines and sensitized materials, are sold primarily as end products for use by industrial, governmental and retail consumers.

Operations and services which are carried out on an over-all corporate basis include international operations, transportation, warehousing, branch sales-office supervision, commercial development, personnel relations, accounting and finance, legal and patent matters, and advertising and promotion.

The Company was incorporated in Delaware in 1929 as American I. G. Chemical Corporation and changed its name to General Aniline & Film Corporation in 1939. At various times prior to 1942 the Company acquired the dyestuff and chemical manufacturing business of General Aniline Works, Inc.; the film and camera manufacturing operations of Agfa Ansco Corporation; and the document reproduction business of Ozalid Corporation.

When the United States entered the Second World War, the Federal Government assumed supervision and control of the Company's business and in 1942 vested over 90% of the then outstanding stock of the Company, under the Trading with the Enemy Act. The vesting of the stock by the Government gave rise to prolonged legal proceedings which were the subject of a settlement agreement made in December, 1963 and subsequently amended. Upon the sale of the shares covered by this Prospectus, the supervision and control of the Company's business which have been exercised by the Government under the Trading with the Enemy Act will terminate. For further details, reference is made to "Status of the Company under the Trading with the Enemy Act."

Since 1942 the Company has made only a few acquisitions of businesses for cash. In 1953 the Company acquired from the Attorney General, in exchange for stock, the business of General Dyestuff Corporation, which had previously distributed the dyestuffs and textile treating chemicals manufactured by the Company.

The principal executive offices of the Company are located at 140 West 51st Street, New York, New York.

* References to the Company, unless the context otherwise requires, include General Aniline & Film Corporation and its consolidated subsidiaries, which are wholly owned.

CAPITALIZATION

The capitalization of the Company as of December 31, 1964 was as follows:

	<u>Title of Class</u>	<u>Amount Authorized</u>	<u>Amount Outstanding</u>
<i>Debt</i>			
	2.95% Promissory Note, due June 1, 1967 (with annual prepayments of \$1,000,000 each on June 1, 1965 and June 1, 1966)(1)	\$15,500,000(2)	\$ 6,500,000(3)
	3.5% Promissory Notes, due March 1, 1972 (annual prepayments of \$1,250,000 each, on March 1, 1965, through 1971)(1)	20,000,000(2)	14,000,000(3)
<i>Capital Stock</i>			
	Common Stock, \$1 par value(4)	20,000,000 shares	11,966,131.5 shares

- (1) The Promissory Notes were issued pursuant to loan agreements dated July 10, 1947 and July 5, 1951, as amended, with Metropolitan Life Insurance Company.
- (2) The sums stated represent the original principal amounts of the Promissory Notes.
- (3) Inclusive of current maturities.
- (4) Reference is made to "Description of Common Stock" for information concerning restrictions on the payment of dividends under the loan agreements.
- (5) Reference is made to Note 7 to the Financial Statements concerning obligations under long-term leases.

The above table reflects a recapitalization of the Company's stock approved by the stockholders on November 12, 1964, and effective the following day, under which a single class of Common Stock replaced the previously outstanding classes of Common A Stock and Common B Stock (the "old A Stock" and "old B Stock") on the basis of 15 shares of Common Stock for each share of old A Stock and 1.5 shares of Common Stock for each share of old B Stock.

Dividends

No dividends have been declared or paid on any shares of the Company since the first quarter of 1954. It has been the Board's policy since that time to retain available funds in the business because of the requirements of the Company's capital programs, the circumstances associated with ownership of 93.5% of its stock by the Government and the consequent inability to arrange equity financing. The Company's present intention is to resume the payment of quarterly dividends if future earnings, capital requirements, the operating and financial condition of the Company and other pertinent factors permit.

PRICE RANGE OF COMMON STOCK

The following tabulation sets forth the range of the high bid prices in the over-the-counter market for the Common Stock during the weeks commencing December 7, 1964 through March 1, 1965, as reported by the National Quotation Bureau, Inc.

<u>Week Of:</u>	<u>High</u>	<u>Low</u>	<u>Week Of:</u>	<u>High</u>	<u>Low</u>
December 7	34 $\frac{3}{4}$	29 $\frac{3}{4}$	January 25	39	37 $\frac{3}{4}$
December 14	38 $\frac{3}{4}$	35 $\frac{3}{4}$	February 1	40	37 $\frac{3}{4}$
December 21	45	39	February 8	39 $\frac{3}{4}$	34 $\frac{3}{4}$
December 28	41 $\frac{1}{2}$	37 $\frac{1}{2}$	February 15	35 $\frac{1}{4}$	34 $\frac{1}{4}$
January 4	41 $\frac{1}{4}$	40	February 22	35 $\frac{1}{4}$	32 $\frac{1}{4}$
January 11	41 $\frac{1}{4}$	39 $\frac{3}{4}$	March 1	36 $\frac{1}{4}$	35 $\frac{1}{4}$
January 18	39 $\frac{3}{4}$	38 $\frac{1}{4}$			

On March 8, 1965, the highest and lowest bid prices of the Common Stock, as reported by the National Quotation Bureau, Inc. were 36 $\frac{3}{4}$ and 35 $\frac{3}{4}$, respectively.

The prices in the above table should be viewed in the light of the fact that a maximum of 777,721.5 shares of Common Stock (representing only 6.5% of the outstanding shares) not held by the Attorney General has been available for trading.

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STATEMENT OF CONSOLIDATED INCOME

The following statement of consolidated income of the Company and its consolidated subsidiaries has been examined by Haskins & Sells for the five years ended December 31, 1964; by Arthur Andersen & Co. for the year ended December 31, 1960; and by Wright, Long & Company for the four years ended December 31, 1964, all of whom are independent certified public accountants and whose opinions with respect thereto appear elsewhere in this Prospectus. The statement should be read in conjunction with the other financial statements and related notes appearing elsewhere in the Prospectus.

	In Thousands of Dollars				
	Year Ended December 31				
	1960	1961(a)	1962	1963	1964
Revenue:					
Gross sales, less returns and allowances	\$159,791	\$163,229	\$179,366	\$177,689	\$192,207
Sales discounts	(1,091)	(1,084)	(1,129)	(1,130)	(1,124)
Income on securities	1,475	1,054	1,361	1,289	1,534
Income from royalties	634	626	674	746	691
Other income-net	331	244	543	608	1,201
Total	161,140	164,069	180,815	179,202	194,509
Cost and Expenses:					
Cost of products sold	103,816	110,662	118,942	119,135	128,034
Distribution and selling expenses	27,844	27,821	28,806	29,528	30,540
Research and development expenses	6,890	7,240	7,569	8,131	8,009
Administrative and general expenses	6,233	6,542	5,091	4,712	6,132
Interest on borrowed capital	957	894	829	763	701
Total	145,740	153,159	161,237	162,269	173,416
Income before Provision for Income Taxes and Other Charge	15,400	10,910	19,578	16,933	21,093
Provision for Income Taxes and Other Charge:					
Federal income taxes:					
Current	7,310	5,142	7,389	5,896	7,748
Deferred(b)	350	106	1,908	1,872	1,822
State income taxes	561	442	884	465	649
Charge equivalent to investment tax credit-net(b)	—	—	240	611	174
Total	8,221	5,692	10,419	8,844	10,387
NET INCOME	\$ 7,179	\$ 5,218(c)	\$ 9,159(c)	\$ 8,089	\$ 10,706
NET INCOME PER SHARE OF COMMON STOCK (d and e)	\$.60	\$.44	\$.77	\$.68	\$.89

Notes:

- Expenses in 1961 were affected by the following:
Contributions to the retirement plan amounted to \$600,000 in that year as compared with larger amounts in earlier and later years (Note 10).
An extraordinary charge of \$720,000 was made to depreciation expense (Note 4).
- Information relating to deferred taxes and the investment tax credit appears in Note 5.
- Information relating to a retroactive adjustment appears in Note 9.
- Based on 11,966,131.5 shares outstanding at December 31, 1964.
- No dividends have been paid during the periods covered by the above statement.

Numbers and note references refer to Notes to Financial Statements appearing elsewhere.

Products and Market Position

The more important products of the Company, their major uses, and the relative market position of the Company in its major product lines are set out below:

Dyestuffs and Pigments

Products

The Company's line of dyestuffs is primarily used in the textile industry and also in the leather and paper industries. Its broad range of organic pigments is used for coloring many different products, including rubber, plastics, printing inks, natural and synthetic textiles, paints and lacquers.

Market Position

The Company believes that it ranks among the principal producers of dyestuffs and pigments in the United States.

Industrial Chemicals

Products

Surface-active agents—Surface-active agents (or surfactants) possess detergent, emulsifying, dispersing and wetting properties and are used in the manufacture of industrial and household detergents, insecticides, pesticides, textiles, paper, leather, rubber, plastics and chemicals and in the production and refining of petroleum and mineral products.

High-Pressure Acetylene Derivatives—The Company has developed and employs techniques for processing acetylene, a very explosive gas, under high pressure into a wide variety of acetylene derivatives, with uses in the manufacture of plastics, synthetic fibers, cosmetics, pharmaceuticals, solvents and adhesives.

Heavy Chemicals—Chlorine, caustic soda, ethylene oxide, glycols and related products have many different applications, including use in the production of chemicals, dyestuffs, detergents, solvents, disinfectants, deodorants, and anti-freeze.

Specialty Chemicals—These include bactericides and fungicides, brighteners, leather tanning and finishing agents, textile treating chemicals, ultraviolet absorbers, solvents and carbonyl iron powders.

Industrial Organic Chemicals—These compounds are used in the production of surfactants, dyestuffs, pharmaceuticals, agricultural chemicals, and photosensitive and other chemicals.

Market Position

In its chemical business the Company faces competition from many companies, certain of which are substantially larger than the Company. The Company believes that the great size and diversified nature of the chemical industry make it impossible to give a meaningful estimate of the relative rank of the Company in the chemical field as a whole.

The chemical segment of the Company's business has assumed increased importance in recent years and has represented its major growth area. The Company continues to supply chemicals to its traditional markets in the textile, paper and leather industries. In addition, the Company believes it is a leading United States producer of surfactants for industrial uses, a field in which it has faced increasing competition. Moreover, a major growth area has been the manufacture of the Company's line of high-pressure acetylene derivatives. The Company is the sole United States producer of this line, although it competes with one foreign manufacturer. The Company has developed a wide variety of uses for these derivatives in many industries and further commercial applications are being pursued. Heavy chemicals have also become an important part of the Company's chemical business. A plant for the production of

chlorine and caustic soda on a large-scale basis was recently completed. (See "Recent Developments—Property, Plant and Equipment.")

Throughout the surfactant industry, considerable attention is currently being directed towards the elimination of foaming problems in sewerage systems and related difficulties caused by lack of biodegradability* of certain surfactants, primarily in the household detergent line. The Company does supply various types of surfactants employed in household detergents, although its major sales are for industrial uses. Efforts are being made by the Company to improve the biodegradability of its entire surfactant line and it has recently developed several new Igepal® and Alipal® surfactants with improved biodegradable properties. The Company does not consider that these products represent a final answer to these problems and is continuing its research in this field. The Company cannot predict what industry standards or government regulatory requirements with respect to biodegradability will be adopted, what new developments will result from its own research or that of other companies, and the effect that these standards, requirements or developments might have on its surfactant business.

Sales of the Dyestuff & Chemical Division include products purchased from others for resale, which amounted to approximately 11% of total sales of the Division in 1964.

Anso® Photographic Products

Products

The Company's photographic products include films, papers and processing chemicals for the X-ray, graphic arts, industrial, professional and amateur photographic markets. Substantially all of the photographic products are manufactured by the Company, except for equipment for the amateur market, such as cameras, projectors and enlargers, which are produced for the Company by foreign and domestic manufacturers in accordance with the Company's specifications.

X-ray Products—The Company produces X-ray film and developing chemicals for medical, dental and industrial use.

Graphic Arts Products—The Company produces film, film bases, and chemicals used in lithography, rotogravure printing, photoengraving, and silkscreen printing.

Industrial Products—The Company manufactures film and paper employed in oscillograph recording, mapping and tracing.

Professional Photography Products—These include black-and-white and color still film; color motion picture film; and photographic papers. Professional photographic applications include press and industrial photography and professional portraiture.

Amateur Photography Products—This line includes motion picture and still film in black-and-white and color; photographic papers and chemicals; cameras; slide and motion picture projectors; and various accessories.

The Company offers processing services for its color still and motion picture film at Binghamton, New York and Union, New Jersey, and elsewhere on a contract basis with various photofinishers.

Market Position

In general the Company offers a broad range of photographic products which is, however, considerably narrower than that of the dominant company in the field.

In the amateur and professional photographic markets in the United States, the same large company is predominant and the Company has only a small share of these markets. The X-ray and graphic arts photography markets in the United States are also generally dominated by that company. The Company

*Biodegradability is a measure of a material's susceptibility to decomposition by the bacteria which are normally found in sewerage treatment plants and surface waters. The action of these bacteria is a factor in waste disposal. Those surfactants which are not decomposed keep their detergent characteristics and continue to foam.

believes it holds a significant position among the several other competitors in these latter fields. The Company is facing increasing competition in all of its photographic markets.

Since the Company's coating equipment for photographic products is operating near capacity at the present product mix, any material increase in sales of film cannot take place until the construction of additional coating equipment, which is being designed for installation late in 1965. (See "Recent Developments—Property, Plant and Equipment")

Silver is an important raw material in the manufacture of photographic film and paper. Policies of the Federal Government exert a significant influence on the price of silver. The Company cannot predict what the future policy of the Government with respect to silver will be and what effect, if any, a change in Government policy would have upon the profitability of its photographic line of products.

In recent years, a significant development in the graphic arts and X-ray fields has been the introduction by certain of the Company's competitors of films using a polyester base. In order to compete with these products, the Company made several improvements in its own products and is currently working on other improvements. The Company believes it advisable either to purchase polyester film base from available outside sources or to build its own plant for the production of these materials. The implementation of either of these alternatives will depend on a number of factors. These include, in the former case, the Company's ability to make arrangements which it considers satisfactory for an adequate supply of the materials at reasonable prices and, in the latter case, the Company's ability to secure the right to use processes and related know-how from its competitors on terms which it regards as reasonable. If the Company decides to proceed with the erection of its own plant, estimated to cost approximately \$15,000,000, completion within the next few years would be anticipated, although no assurance of this can be given.

Ozalid® Reproduction Products

Products

The Company manufactures and sells Ozalid whiteprint reproduction machines and sensitized papers and films, accessory products and chemicals for use in Ozalid and similar machines. Ozalid machines and sensitized materials are used in the reproduction of engineering drawings and the copying of records, reports and office forms.

The Ozalid whiteprint reproduction machines use the diazo method of copying. This involves the reproduction of a document by the method known as "print through exposure" which requires a translucent master, printed only on one side, a source of ultra-violet light and sensitized papers or other materials on which the copy is produced.

The most important line of Ozalid machines employs ammonia vapor in the copying process and produces a dry print. In the semi-dry Ozalid machine, a moist print is developed by a liquid chemical solution. The Company has recently developed and commenced marketing a thermal diazo machine and copying paper in which heat is used in place of ammonia in the production of a dry copy.

The Ozalid machines are manufactured in a number of models from small desk-type units to large high-speed equipment. The sensitized materials are produced on a variety of paper, cloth and plastic bases. The servicing of the copying machines and the sale of replacement parts are an additional source of revenue.

Market Position

The Company believes that it is one of the leading producers of machines and sensitized materials for copying documents by the diazo process. This process is widely employed in the reproduction of engineering drawings and to a lesser extent in the copying of records, reports and office forms. The diazo method of copying is currently one of the least expensive, on a unit copy basis, of any widely used process for producing a limited number of copies.

The Company participates only to a small extent in the very much larger office "convenience" copying market, where the reproduction process used must generally be capable of copying all types of written and printed material. The need in the diazo process to employ a translucent master printed on only one side and, in the case of the dry machine employing ammonia vapor, the need to vent the vapor have limited the use of Oxalid® machines in this market.

The Company's diazo reproduction products are subject to active and increasing competition both from other diazo products and from products of others employing the xerographic process, electrostatic processes and many other processes of graphic reproduction, such as photocopying, blueprinting, diffusion transfer, dye transfer, heat transfer and photography.

Other Products

The Company manufactures and sells both silver halide and diazo microfilm products for use in the document storage and retrieval fields and audio-visual products, including overhead projectors, sensitized films, chemicals and text materials, for the visual education market. The Company also engages in contract and special product manufacturing operations.

In general, the Company is in active competition with businesses producing the same or similar products as well as businesses producing different products designed for the same uses. Some of these businesses are larger and more fully integrated than the Company. Competition has increased during recent years in certain of the Company's product lines. The Company believes that competition from both domestic and foreign sources may become even more intense.

Many of the Company's products, particularly in the dyestuffs-line, are protected in varying degrees by tariffs imposed by the United States Government on imports of competing products. In the light of pending and possible future international negotiations relating to tariffs, the Company cannot predict how long this protection will exist as to any product or products or what the effect on the Company of any reduction of United States tariffs might be.

Customers

Sales of the Company's products are widely distributed and, with the exception of the Federal Government, no single customer accounted for more than 3% of total sales in 1962, 1963 or 1964.

Sales to the Federal Government amounted to 13.3% of total sales in 1962, 10.3% in 1963 and 9.6% in 1964. Substantially all of these sales were of photographic and reproduction products, including X-ray film and materials, professional and graphic arts photographic products and Oxalid reproduction machines and materials. In addition, the Company is engaged in some research and development work for the armed forces and produces precision mechanical and electronic components under Federal Government subcontracts.

A substantial part of the Company's sales to the Government are subject to renegotiation. The Renegotiation Board has determined that the Company received no excessive profits on its renegotiable Government business through 1963.

Sales and Distribution Arrangements in the United States

The Company maintains divisional sales organizations and supporting technical service laboratories and staffs, as well as sales offices and warehouses in various cities throughout the United States. In its sales and distribution operations, the Company employs approximately 1,000 persons. To supplement its sales force, the Company has arrangements with a large number of independent distributors throughout the United States. In 1964 approximately 25% of the Company's sales in the United States were made through independent distributors.

Foreign Sales

The total volume of foreign sales in 1964 amounted to approximately \$18,300,000. The International Operations Department of the Company is responsible for marketing the Company's products in some 85 countries overseas through independent distributors and licensees. In Canada, sales of photographic products are made through the Company's wholly-owned subsidiary, Ansco of Canada Limited; dyestuffs and chemical products, through Chemical Developments of Canada Limited, a 49% owned company; and reproduction products through an independent distributor. See also "Recent Developments—Other."

Raw Materials

The Company's raw materials are purchased from a large number of outside sources and include paper raw stock, silver nitrate, ethylene, cellulose esters, phenol, formaldehyde and acetylene. Certain of the Company's requirements are obtained from single sources which the Company considers to be stable; if supplies from these sources were interrupted for any unexpected reason, the Company believes that alternative arrangements could be made.

In recent years the Dyestuff & Chemical Division has started and expanded the manufacture of a number of chemicals formerly purchased from others, as part of a continuing program to improve the Company's raw material position.

Research and Development

The Company regards its research and development activities as extremely important in maintaining its competitive position. These activities are directed towards the discovery and development of new products and processes, the improvement and refinement of existing products and processes, and the development of new uses for existing products. During the five-year period 1960 through 1964, annual expenditures for research and development have ranged between 4.1% and 4.6% of sales.

The Company maintains research and development laboratories at Binghamton and Johnson City, New York, serving the Photo & Repro Division; and at Easton, Pennsylvania, Linden, New Jersey, and Rensselaer, New York, for the Dyestuff & Chemical Division. As of December 31, 1964, there were about 550 employees engaged in research and development of whom over 200 were chemists, physicists and engineers holding one or more college degrees.

The Company is currently investigating the cost and advantages of a central research laboratory which would house in one location the principal research activities of the Company. Search for a suitable site is now underway.

Patents and Trademarks

The Company owns a number of United States and foreign patents and patent applications derived primarily from its own research activities and is licensed under a number of other patents. The Company does not consider that the business as a whole is materially dependent upon any one patent or license or any group of related patents or licenses. With respect to the patent rights of others, the Company believes that its present position is generally adequate for the continued operation of its business substantially as now conducted.

Almost all of the Company's photographic products are marketed in the United States and abroad under its registered trademark "Ansco." Similarly, substantially all of the Company diazo reproduction products are sold in the United States under its "Ozalid" registered trademark. Many different trademarks are used by the Company for chemicals and dyestuffs.

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PROPERTIES

The Company owns and operates seven major plants, three of which are devoted to the manufacture of dyestuffs or chemical products and four to the manufacture of photographic or reproduction products. It also owns several minor plants and research and film processing facilities. The Company believes that in general these plants, which are of widely varying ages, have been adequately maintained and are in good condition. The buildings are of different types of construction, including brick and steel or reinforced concrete, cinder-block, and corrugated cement asbestos board and steel. The plants have adequate transportation facilities for both raw materials and finished products. For a description of the Company's capital improvements program, see "Recent Developments—Property, Plant and Equipment."

The seven major plants operated by the Company, the principal operations of each at the present time and the approximate space they occupy are listed below:

<u>Location</u>	<u>Principal Operations</u>	<u>Buildings</u>	<u>Land</u>
Linden, New Jersey	Manufacture of dyestuffs, pigments, intermediates, surfactants, carbonyl iron powders, and heavy chemicals.	1,400,000 sq. ft.	179 acres
Rensselaer, New York	Manufacture of dyestuffs, pigments, intermediates, and specialty chemicals.	700,000 sq. ft.	95 acres
Calvert City, Kentucky	Manufacture of high-pressure acetylene derivatives and surfactants.	100,000 sq. ft.	147 acres
Binghamton, New York	Casting of film base, the production of sensitized films and photographic papers, and the manufacture of precision equipment and machine parts.	1,400,000 sq. ft.	49 acres
Johnson City, New York	Diazo paper coating and diazo paper converting and the manufacture of paper base lithographic plates and certain reproduction specialty products.	236,000 sq. ft.	4 acres
Vestal, New York	Manufacture of diazo copying machines, other reproduction machines and equipment, and the contract manufacture of machines and parts.	155,000 sq. ft.	25 acres
La Habra, California	Diazo paper coating and diazo paper converting.	81,000 sq. ft.	11 acres

Among the other plants and facilities operated by the Company are: a plant in Paterson, New Jersey, producing pigments; a plant in Huntsville, Alabama, producing carbonyl iron powders; a research laboratory in Easton, Pennsylvania; a film processing laboratory in Union, New Jersey; plants in Detroit, Michigan and Arlington, Texas, equipped with diazo paper coating and paper converting facilities; and a plant in Elyria, Ohio, equipped with paper coating facilities.

The Company owns in fee the properties described above, with the exception of the plants in Huntsville, Arlington and Elyria which are leased. In 1965, the leased plant at Arlington will be replaced by a Company owned facility. A wholly-owned subsidiary, Ansco of Canada Limited, owns in fee a photographic film and paper finishing plant near Toronto, Ontario. Another wholly-owned subsidiary, Genanil Realty Corporation, owns in fee sales offices, laboratories and warehouses at several locations which are leased to the Company. The Company believes that its real properties are not subject to any defects or encumbrances which substantially interfere with their use in the Company's business or materially affect their value.

The executive offices of the Company, and substantially all of the administrative offices of each Division, are housed in approximately 152,000 square feet of leased space at 140 West 51st Street, New York City. The Company also leases sales offices and warehouse accommodations in a number of cities throughout the United States.

RECENT DEVELOPMENTS

Products

The highly competitive nature of all of the markets in which the Company's products are sold makes the continued development of new and improved products of the utmost importance for the Company to maintain its position. Some of the more recent additions to the Company's product lines are described below. The Company cannot predict the extent of the ultimate commercial significance of these new products:

In the dyestuffs field:

A series of Astracel® dyes for one stage dyeing and printing of polyester-cellulose fiber blends.
A range of Genafix® fiber reactive dyes for use in the dyeing and printing of cellulose fibers.

In the chemical field:

A group of Gafac® surfactants for use in emulsifiers, detergents and lubricants and a group of Antarox® surfactants for use in household and industrial cleaners.

Gantrez® water soluble vinyl ether copolymers which are used in textiles, adhesives and coatings, paper and photo-reproduction materials.

Polectron® copolymers which are used in the opacifier, adhesive and reproduction fields.

In the photographic field:

Three new Titan® 8mm movie cameras, developed for the Company by an outside manufacturer.

A line of automatic recording machines, microdensitometers, for ultra-precise measurement of the spatial distribution of photographic density.

The Speed-X® "R" Processor, a compact, automatic processor for medical X-ray photography and corresponding new X-ray film and chemicals for use in this system.

Suparay® HD and Fine-X® high contrast, ultra fine grain X-ray film for industrial and medical uses.

In the reproduction field:

Thermal Diazo Copier 150 machine and corresponding paper for use in this machine.

Electrostatic paper for use in certain of the electrostatic office convenience copying machines now available.

Property, Plant and Equipment

During the five years ended December 31, 1964, the Company expended over \$46 million on new property and additions and replacements to plant and equipment. Expenditures incurred in 1964 were about \$11,100,000. As of December 31, 1964 approximately \$24 million had been authorized, but had not then been expended, for future capital additions and replacements within the next two years, of which about \$2,250,000 were covered by commitments at that date. Additional expenditures will be required if the Company decides to proceed with the construction of the plant for production of polyester film base and the central research laboratory mentioned above. It is anticipated that funds for the proposed capital expenditures will be provided from proceeds from the sale of marketable securities owned by the Company and from cash generated from operations.

Some of the important projects completed by the Company during the last five years were:

- (1) Construction of a large chlorine-caustic manufacturing unit at Linden, New Jersey.
- (2) Major expansion of capacity for the production of high-pressure acetylene derivatives at Calvert City, Kentucky. This is part of a program of expansion of these facilities which is still continuing.

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3) Expansion of facilities for producing surfactants and related intermediates at Linden, New Jersey and Calvert City, Kentucky.

(4) Construction of a photographic film and paper finishing plant near Toronto, Ontario.

Important projects recently undertaken by the Company include:

(1) A major modernization and expansion of film coating and finishing and quality control facilities at the Binghamton plant. Expenditures of approximately \$8 million have been authorized for this purpose and work was commenced early in 1964.

(2) A modernization of the Company's dyestuff and pigment facilities at the Linden plant.

(3) Construction of new facilities at Calvert City for methylamine and related chemicals, representing a new product line of the Company, with uses in the manufacture of agricultural chemicals, surfactants, and animal feed additives. A substantial part of the production will be used by the Company itself in the manufacture of other products.

(4) Expansion of capacity for the production of vinyl ether derivatives at the Calvert City plant.

(5) Expansion and modernization of diazo paper coating facilities at Detroit, Michigan and Arlington, Texas.

Consolidation of Functions

Since early 1962 a major program of cost reduction and consolidation of departments and functions within the Company has been under way. The Company's accounting functions were merged in 1963 into one corporate department. Other functions which were consolidated on a corporate basis in 1963 and 1964 include commercial development, transportation, warehousing, branch sales-office supervision, advertising and promotion, and personnel relations. A further important step was carried out in 1964 when general divisional and corporate administrative departments, formerly scattered at several locations in New York City and Vestal, New York, were combined in a new headquarters office at 140 West 51st Street, New York City. These steps have resulted in personnel reductions and improved efficiencies.

Other

In December 1964 the Company purchased for cash from unaffiliated parties all of the capital stock of a Netherlands corporation, N.V. Lichtdrukpapierfabriek "De Atlas", which is a manufacturer and distributor, primarily in the European Common Market, of diazotype and other reproduction equipment and materials and related accessories.

The Company is not committed to the completion of any particular projects and may change or defer any part of its expansion and modernization programs as the requirements of its business may dictate. The business and earnings of the Company may be affected by future developments of a general economic, business or political nature, or by specific developments, such as price changes, future regulations or laws covering air pollution, water pollution, biodegradability of surfactants, or other matters which may adversely affect the Company's business, changes in tariffs or the introduction of new technology by the competitors of the Company.

EMPLOYEE RELATIONS

As of December 31, 1964, the Company had approximately 7,500 employees. The total payroll of the Company for the year ended December 31, 1964 was approximately \$56 million.

Approximately 4,100 employees engaged in manufacturing operations at substantially all of the Company's plants are represented by unions under contracts effective in most cases for two-year periods. Employee relations at all of the Company's plants have been satisfactory. Except for a 14-day strike

at the Linden, New Jersey plant in February 1962, the Company has had no material work stoppage or labor dispute during the past five years.

The Company has in effect various benefit plans which form a comprehensive employee security program. These include a retirement plan and group insurance arrangements covering life, accident, hospital, surgical and medical insurance. Both the Company and the employees contribute to the costs of the insurance arrangements. Reference is made to Note 10 to the Financial Statements for further details concerning the retirement plan.

In 1955, the Company adopted an Executive Incentive Compensation Plan which provides for incentive awards to key management employees and special awards to all employees. Incentive awards are made by the Board of Directors on the basis of recommendations by the Executive Committee of the Board, who are advised by the President. An employee who is also a member of the Board of Directors may not participate in any Board consideration of any award to himself. Directors of the Company who are not also officers are ineligible to receive awards. For the year ended December 31, 1963, incentive awards totaling approximately \$450,000 were made to 164 key management employees and special awards totaling almost \$24,000 to 59 other employees. Incentive awards for the year ended December 31, 1964 have not yet been made. Reference is made to Note 11 to the Financial Statements for further details concerning this Plan.

MANAGEMENT

The directors and executive officers of the Company are as follows:

<u>Name</u>	<u>Title and Principal Occupation</u>
Jesse Werner	Director, Chairman of the Board of Directors, President and Chief Executive Officer of the Company(1)
*T. Roland Berner	Director; Chairman and President, Curtiss-Wright Corp.(1)
*John B. Bridgwood	Director; Executive Vice President, Chase Manhattan Bank(1)
Harold E. Clancy	Director; First Vice President and Assistant Publisher, Boston Herald-Traveler Corp.
*Clark M. Clifford	Director; Partner, Clifford and Miller, Attorneys
*John A. Coleman	Director; Adler, Coleman & Co.
*Joseph F. Cullman, 3rd	Director; President, Philip Morris Co.
Francis A. Gibbons	Director and Executive Vice President of the Company
*Oveta Culp Hobby	Director; President, The Houston Post Company
Bailey K. Howard	Director; Chairman, Field Enterprises Educational Corp.(1)
*Maurice Lazarus	Director; Vice Chairman, Federated Department Stores, Inc.
Mathew Manes	Director; Partner, Manes, Sturim & Laufer, Attorneys
Wm. Peyton Marin	Director; Attorney(1)
*Lew R. Wasserman	Director; President, Music Corporation of America, Inc.
Sumner H. Williams	Director and Vice President of the Company
*Alvin Zises	Director; President, Bankers Leasing Corp.
Chris C. Schulze	Vice President of the Company

<u>Name</u>	<u>Title and Principal Occupation</u>
Philip B. Dalton	Vice President of the Company
C. Joseph Hyland	Secretary of the Company
Arthur J. Young	Treasurer of the Company
Allen Jaffy	Controller of the Company
Herbert L. Abrons	Counsel of the Company

(1) Member of Executive Committee.

The directors whose names are marked by an asterisk* in the above list were elected directors at a meeting of the Board of Directors held on January 27, 1965 to fill vacancies created by resignations from the Board. None of these directors had any prior connection with the Company.

It is the intention of the present members of the Board to consider, if requested to do so, a candidate suggested by the representatives of the Underwriters to fill a vacancy on the Board.

All of the executive officers of the Company have actively served the Company for more than the last five years.

The annual meeting of the Company is normally held on the second Tuesday in April. In view of the offering of the shares of Common Stock to which this Prospectus relates, the Board of Directors has decided to postpone the election of directors to June 15, 1965 when a meeting will be held to afford the new shareholders opportunity to vote. The Board of Directors has fixed May 20, 1965 as the record date for determination of stockholders entitled to notice of and to vote at the meeting.

Remuneration

The following table sets forth the aggregate direct remuneration during the year 1964 of each director, and each of the four highest paid officers of the Company, whose aggregate direct remuneration exceeded \$30,000 and of all directors and officers of the Company as a group. The table also sets forth the annual benefits estimated to be payable to each such person under the retirement plan at normal retirement date and unpaid awards under the Executive Incentive Compensation Plan to each of these persons and to all the directors and officers of the Company as a group.

<u>Name</u>	<u>Capacities in Which Remuneration Was Received</u>	<u>Aggregate Direct Remuneration(a)</u>	<u>Estimated Annual Benefits Under Retirement Plan(b)</u>	<u>Unpaid Awards Under Executive Incentive Compensation Plan(c)</u>
Jesse Werner	President	\$157,306	\$64,666	\$ 41,427
Francis A. Gibbons	Executive Vice President	73,318	30,546	20,942
Chris C. Schulze	Vice President	62,623	25,623	15,467
Sumner H. Williams(d)	Vice President	55,517	29,775	15,467
Total for all Officers and Directors as a group(e)	—	563,224	—	102,965

(a) The amounts shown include awards paid by the Company under the Executive Incentive Compensation Plan and deferred compensation earned in 1964. (See "Employment Contracts" below)

(b) The estimates assume continued employment at salary rates in effect on December 31, 1964, except in the case of Dr. Werner where the rate assumed takes into account salary increases provided by his employment contract, and continuance of the retirement program without change.

(c) Awards under the Executive Incentive Compensation Plan are generally payable 50% in the year of award and the balance in installments over a period of two to four years as determined by the Board of Directors.

(d) In addition to the above amounts, Mr. Williams receives payments from the Company pursuant to an agreement to pay him a percentage of certain gross royalty income received by the Company. In 1962, 1963 and 1964 these payments were \$4,382, \$1,886 and \$778, respectively. The payments will terminate by 1973.

(e) Mr. Manes, a Director, is a member of the law firm of Manes, Sturim & Laufer, which received \$31,950 in legal fees from the Company during 1964.

Employment Contracts

The President, Dr. Jesse Werner, has a contract with the Company providing for his employment as President and Chief Executive Officer for a period of five years from July 1, 1962. The contract specifies annual compensation of \$75,000, plus deferred compensation at the initial rate of \$35,000 in 1963 increasing by \$10,000 each year up to \$75,000 in the last year. The deferred compensation is to be paid at the rate of \$27,500 a year from January 2, 1968 until the entire amount accrued has been paid.

Francis A. Gibbons, Executive Vice President, Dr. Chris C. Schulze, Vice President, and Sumner H. Williams, Vice President also have employment contracts with the Company. Mr. Gibbons' contract is for a five-year period expiring August 31, 1967, and provides for a salary of \$45,000 per annum, plus \$10,000 per annum of deferred compensation to be paid annually at the rate of \$25,000 from January 2, 1968 until the entire amount accrued has been paid. Dr. Schulze's contract is for a three year period expiring on October 31, 1965 and provides for an annual salary of \$45,000, of which \$5,000 per year is deferred compensation to be paid annually at the rate of \$5,000 from January 2, 1966 until the entire amount accrued has been paid. Mr. Williams' contract commenced on January 1, 1962, will expire on December 1, 1966, and provides for an annual salary of \$45,000.

DESCRIPTION OF COMMON STOCK

The authorized capital stock of the Company consists of 20 million shares of Common Stock of the par value of \$1 per share.

All outstanding shares of Common Stock rank equally as to voting rights and dividends and upon liquidation and are fully paid and non-assessable. The Common Stock is not entitled to any preemptive rights and is not subject to redemption.

Non-Cumulative Voting

The Common Stock does not have cumulative voting rights, which means that the holders of shares casting more than 50% of the votes for election of directors can elect 100% of the directors if they so choose, and in such event the holders of the remaining shares casting less than 50% of the votes for the election of directors will not be able to elect any person to the Board of Directors.

Dividends

The payment by the Company of dividends, other than dividends payable in capital stock of the Company, is subject to restrictions imposed under loan agreements with Metropolitan Life Insurance Company dated July 10, 1947 and July 5, 1951 covering, respectively, the 2.95% and 3.5% Promissory Notes issued by the Company. At December 31, 1964, retained earnings in the amount of \$76,121,281 were restricted as to payment of dividends under these agreements. In this connection, reference is made to Note 6 to the Financial Statements.

Annual and Periodic Reports

The Company intends to continue sending to holders of its Common Stock an annual report containing certified financial statements and, after the end of each of the first three quarterly periods, quarterly reports containing unaudited operating results.

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Transfer Agents and Registrars

First National City Bank, New York, New York and Corporation Trust Company, Jersey City, New Jersey are the transfer agents for the Common Stock and The Chase Manhattan Bank, New York, New York and Commercial Trust Company, Jersey City, New Jersey are the registrars for the Common Stock.

PRINCIPAL HOLDER OF COMMON STOCK

The following table shows the number of shares of Common Stock owned by the Attorney General as of January 27, 1965.

<u>Name and Address</u>	<u>Title of Class</u>	<u>Type of Ownership</u>	<u>Shares Owned</u>	<u>Percent of Class</u>
The Attorney General of the United States Washington, D. C.	Common Stock	Of record and beneficially	11,188,410	93.5%

See "Status of the Company under the Trading with the Enemy Act—Other Matters" with respect to a law suit commenced by a Swiss holding company ("Interhandel") and a settlement thereof entered into by the Attorney General and Interhandel relating to certain of the shares of Common Stock owned by the Attorney General. After the sale of the shares of Common Stock to which this Prospectus relates the Attorney General will continue to retain ownership of 21,972 shares of Common Stock of the Company representing 0.2% of its total outstanding shares. The Deputy Director, Office of Alien Property, has advised the Company that the Attorney General has agreed to retain these shares in respect of claims under the Trading with the Enemy Act by persons who were intervenors in said law suit and who did not agree to the settlement; that in his opinion, the claims of these persons exist only in respect of the 21,972 shares to be retained by the Attorney General; and that these shares will either be sold by the Attorney General pursuant to court approval or retained pending the final disposition of the claims, after which time such of the shares remaining in the Attorney General's hands will be sold.

LITIGATION

The Company is involved in various legal proceedings of a character normally incident to its business, including suits involving personal injury, property damage and contract claims. The Company does not believe that adverse decisions in any of these proceedings would be of material importance in relation to the business of the Company as a whole. In addition, suit is pending against the Company in which the plaintiff seeks damages in the amount of \$5,000,000. The Company has been advised by its counsel, Manes, Sturim & Laufer, that this suit is without merit.

STATUS OF THE COMPANY UNDER THE TRADING WITH THE ENEMY ACT

Conduct of Business

Since the vesting of its stock under the Trading with the Enemy Act, the Company has been operating pursuant to authorizations issued from time to time by the Government, permitting the management to

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continue the normal conduct of its business, but requiring specific authorization for activities not in the normal course. The following is an extract from a letter to the Company from the Deputy Director, Office of Alien Property, dated February 3, 1965, with respect to the Company's status under the Trading with the Enemy Act upon the sale of the shares of Common Stock to which this Prospectus relates:

"The Company is presently conducting its business under authorizations dated January 4 and January 5, 1943, which are still in force and require specific authorization by the Attorney General for any transaction not in the normal course of the Company's business, including certain transactions specifically set forth therein. Upon the sale by the Attorney General of the shares which he proposes to sell, the Company will no longer be a national of a foreign country within the meaning of Executive Orders 8389, as amended, and 9095, as amended, and any former determinations that the Company was such a national will be of no further force and effect. Accordingly, upon the completion of such sale, the Company will no longer be subject to the restrictions and controls formerly and currently imposed upon it by virtue of determinations made pursuant to the aforesaid Executive Orders that the Company was a national of a foreign country. All such restrictions and controls, including the authorizations referred to above, will thereupon be terminated and no further supervision or control will be imposed by virtue of any such former determinations."

Sale of Shares

Since 1946 the Company has been designated a "key corporation" pursuant to regulations of the Department of Justice under the Trading with the Enemy Act which have restricted the sale of the shares held by the Attorney General only to American nationals. The regulations were revoked by the Department of Justice on January 27, 1965 (30 Fed. Reg. 825), and there are no longer in effect any restrictions (other than those described under "Underwriting and Terms of Offering") of the nature provided in said regulations affecting the transfer of any shares to which this Prospectus relates.

Title to Shares Being Sold

The Company has been advised by the Deputy Director, Office of Alien Property that the Attorney General has the right to sell the shares of Common Stock to which this Prospectus relates and that purchasers of these shares will receive good title free and clear of any claims, liens, encumbrances and equities. The shares of Common Stock purchased in the public offering will be subject to possible forfeiture for wilful material misrepresentation in the certificate to be furnished by each purchaser as mentioned under "Underwriting and Terms of Offering" in the third paragraph following the list of Underwriters.

Other Matters

In 1942 and 1943, approximately 475,000 shares of old A Stock and all the outstanding 2,050,000 shares of old B Stock were vested in the United States Government under the Trading with the Enemy Act, as amended (the "Act"). In October 1948, a Swiss holding company ("Interhandel") commenced an action in the United States District Court for the District of Columbia for the return of 455,624 of the shares of old A Stock and all the outstanding shares of old B Stock on the ground that it was the owner of these shares and was not an enemy or an ally of an enemy under the Act. At various times thereafter more than 2,000 persons, alleging that they were shareholders of Interhandel and not enemies or allies of enemies, intervened in that suit in order to protect their interests, if any, in the shares, regardless of the status of Interhandel.

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In 1956 Interhandel's complaint was dismissed for its failure to comply with certain orders of the District Court, and that dismissal was affirmed by the United States Court of Appeals for the District of Columbia Circuit. While Interhandel's complaint stood so dismissed, the Attorney General took steps to offer for sale 75% of the shares claimed by Interhandel, together with other shares of old A Stock not claimed, reserving a certain number of shares of old A and old B Stock for the claims of all the intervenors. This proposed offering did not take place because the Supreme Court of the United States subsequently reinstated Interhandel's complaint and the provisions of the Act, as then in force, required the Attorney General to retain property subject to an action under the Act until its termination. In 1962 the Act was amended to permit, under certain circumstances, sales of property during the pendency of an action and to entitle a successful claimant to recover from the government either the net proceeds of the sale or just compensation.

In December 1963 the Attorney General and Interhandel entered into a settlement of the law suit and most of the intervenors consented to this settlement, which was subsequently amended. Of the shares of Common Stock to which this Prospectus relates, 9,887,388 are being offered for sale by the Attorney General pursuant to the settlement agreement and the Act. The proceeds received by the Attorney General from the sale of such shares will be divided between the United States and Interhandel in accordance with a formula established by the settlement agreement. The formula provides that the United States will receive reimbursement for certain expenses, fifty percent of the remaining sales proceeds, and certain other sums. Interhandel will be entitled to the remaining balance. The remaining shares are not involved in the Interhandel litigation and are being offered pursuant to the Act. The Attorney General will retain 21,972 shares of Common Stock to cover the claims of those intervenors who had not expressly consented to the settlement or could not be located. See "Principal Holder of Common Stock."

Of the shares of Common Stock to which this Prospectus relates, 976,275 shares represent shares issued by the Company to the Attorney General in 1953 upon the sale by him of 8,678 shares of stock of General Dyestuff Corporation (see "The Company") which had been vested in 1942 under the Act. A suit under the Act (*Bonnar, et al. v. United States*, No. 293-63, United States Court of Claims, amended petition filed November 20, 1964) has been brought against the United States asserting claims against the United States for the proceeds received by the United States from the sale by the Attorney General of 6,703 of the General Dyestuff Corporation shares in respect of which the Attorney General now holds 754,087.5 shares of Common Stock of the Company. The Company has been advised by the Deputy Director, Office of Alien Property, that neither these claims nor the pendency of the suit impair the Attorney General's right to sell said shares of Common Stock of the Company or to transfer good title thereto, free and clear of any claims, liens, encumbrances or equities.

LEGAL OPINIONS

Legal matters in connection with the sale of the shares being offered by this Prospectus will be passed upon for the Company by Strasser, Spiegelberg, Fried & Frank, 120 Broadway, New York, N. Y. and by Manes, Sturim & Laufer, 70 Pine Street, New York, N. Y. and for the Underwriters by Wilmer, Cutler & Pickering, 900—17th Street, Washington, D. C. and, as to certain matters, by Cravath, Swaine & Moore, One Chase Manhattan Plaza, New York, N. Y.

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EXPERTS

The financial statements included in this Prospectus (and related schedules included in the Registration Statement) have been examined by Haskins & Sells as of December 31, 1964 and for the five years ended December 31, 1964; by Arthur Andersen & Co., for the year ended December 31, 1960; and by Wright, Long & Company as of December 31, 1964 and for the four years ended December 31, 1964, as stated in their opinions appearing in this Prospectus, and have been so included in reliance upon such opinions given upon the authority of these firms as experts in auditing and accounting.

The statements made in this Prospectus under the heading "Status of the Company under the Trading with the Enemy Act," in the third sentence of the fourth paragraph under the heading "The Company," and in the last paragraph under the heading "Principal Holder of Common Stock" are included in this Prospectus upon the authority of the Deputy Director, Office of Alien Property, and in reliance upon his advice furnished to the Company and confirmed in a letter to the Company, dated February 5, 1965, a copy of which has been filed with the Registration Statement as an exhibit. His letter also states, among other things, that the statements referred to above are correct as to matters of law and legal conclusions.

OPINIONS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

GENERAL ANILINE & FILM CORPORATION:

We have examined the consolidated balance sheet of General Aniline & Film Corporation and its consolidated subsidiaries as of December 31, 1964, the related statement of consolidated income for the five years then ended, and the related statement of consolidated retained earnings for the three years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. In making such examination, we gave consideration to the audit work performed by other accounting firms who also have examined these financial statements and whose opinions appear elsewhere in this Prospectus.

In our opinion, the above-described consolidated financial statements present fairly the financial position of the companies at December 31, 1964 and the results of their operations for the stated periods then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

HASKINS & SULLS

New York,
January 25, 1965

GENERAL ANILINE & FILM CORPORATION:

We have examined the consolidated balance sheet of General Aniline & Film Corporation and its consolidated subsidiaries as of December 31, 1964, the related statement of consolidated income for the four years then ended, and the related statement of consolidated retained earnings for the three years then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the above-described consolidated financial statements present fairly the consolidated financial position of General Aniline & Film Corporation and its consolidated subsidiaries at December 31, 1964 and the results of their operations for the stated periods, in conformity with generally accepted accounting principles consistently applied.

WRIGHT, LONG & COMPANY

New York,
January 25, 1965

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GENERAL ANILINE & FILM CORPORATION:

We have examined the statement of consolidated income of General Aniline & Film Corporation and subsidiaries for the year ended December 31, 1960. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have not made an examination for any period subsequent to December 31, 1960.

In our opinion, the statement of consolidated income appearing in this prospectus, insofar as it relates to the year ended December 31, 1960, presents fairly the results of operations of General Aniline & Film Corporation and subsidiaries for that year, in conformity with generally accepted accounting principles applied on a consistent basis.

ARTHUR ANDERSEN & Co.

New York,
January 25, 1965

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GENERAL ANILINE & FILM CORPORATION
AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

December 31, 1964

ASSETS

Current Assets:

Cash		\$ 2,986,289
U. S. Government and other marketable securities, at cost which approximates market		40,924,121
Accounts receivable:		
Trade	\$ 29,769,413	
Other	4,276,842	
Total	34,046,255	
Less allowance for doubtful accounts	604,817	33,441,438
Inventories, at the lower of average cost or market (Note 2)		53,791,650
Prepaid expenses		1,132,859
Total current assets		132,276,357

Other Investments and Advances, at cost (Note 3) 3,776,641

Property, Plant and Equipment (Note 4):

Land and land improvements	4,008,778	
Buildings and building equipment	44,234,175	
Machinery and equipment	98,237,935	
Construction in progress	7,746,894	
Total— at cost	154,227,782	
Less accumulated depreciation and amortization	73,725,949	

Property, plant and equipment—net 80,501,833

Deferred Charges 163,123

Patents, Trade-marks and Formulas 1

 Total \$216,717,955

The accompanying Notes to Financial Statements are an integral part of this statement.

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GENERAL ANILINE & FILM CORPORATION
AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

December 31, 1964

LIABILITIES

Current Liabilities:			
Current installments on long-term debt		\$	2,250,000
Accounts payable:			
Trade	\$	6,253,616	
Taxes withheld at source		873,927	
Other		797,552	7,925,095
Accrued expenses:			
Payroll		1,538,179	
Interest		179,588	
Federal income taxes (Note 5)		4,299,171	
Other taxes		803,581	
Film processing		468,711	
Other		1,582,588	8,871,818
Total current liabilities			19,046,913
Long-term Debt Less Current Portion Above (Note 6)			18,250,000
Other Liabilities:			
Deferred Federal income taxes (Note 5)		7,862,064	
Other		657,908	
Total other liabilities			8,519,972
Deferred Investment Tax Credit (Note 5)			1,025,133
Reserve for Workmen's Compensation Self-Insurance, etc.			358,612
Commitments and Contingent Liabilities (Note 7)			
Shareholders' Equity:			
Common stock, \$1 par value, authorized 20,000,000 shares; issued and outstanding 11,966,131.5 shares		11,966,132	
Paid-in surplus (Note 8)		17,739,598	
Retained earnings (Note 6)		139,811,595	
Total shareholders' equity			169,517,325
Total			<u>\$216,717,955</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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GENERAL ANILINE & FILM CORPORATION
AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED RETAINED EARNINGS
For the Three Years Ended December 31, 1964

Balance, January 1, 1962	\$112,388,130
Net Income for the Year Ended December 31, 1962	9,159,113
Total	<u>121,547,243</u>
Additional Federal Income Taxes for 1944 to 1946 and Related Interest	1,238,530
Balance, December 31, 1962	<u>120,308,713</u>
Net Income for the Year Ended December 31, 1963	8,088,943
Balance, December 31, 1963	<u>128,397,656</u>
Net Income for the Year Ended December 31, 1964	10,705,939
Adjustment of Provisions for Federal Income Taxes (for years prior to period covered by the statement of income)	708,000
Balance, December 31, 1964	<u>\$139,811,595</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GENERAL ANILINE & FILM CORPORATION
AND CONSOLIDATED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(1) PRINCIPLES OF CONSOLIDATION:

The accounts of all subsidiaries, none of which is material, are included in the consolidated financial statements except for a Netherlands subsidiary which was acquired in December, 1964 (see Note 3). The Company's equity in the net assets of the consolidated subsidiaries as of December 31, 1964 was \$1,986,889 in excess of the investments in such subsidiaries. In consolidation, this amount has been included in retained earnings.

(2) INVENTORIES:

Inventories are priced at the lower of average cost or market. Market represents the lower of replacement cost or net realizable value.

The following inventory amounts were used in computing cost of products sold:

	Finished Goods	Work in Process	Raw Materials & Supplies	Total Inventories
December 31, 1961	\$21,586,544	\$17,363,628	\$11,123,603	\$50,073,775
December 31, 1962	20,385,604	17,813,269	10,377,503	48,576,376
December 31, 1963	20,317,333	19,178,510	9,712,071	49,207,914
December 31, 1964	23,217,878	19,670,523	10,903,249	53,791,650

(3) OTHER INVESTMENTS AND ADVANCES:

The Company owns 49% of the common stock of Chemical Developments of Canada, Limited. The remaining 51% is owned by Dominion Tar and Chemical Company, Limited. An initial dividend of \$24,500 (Canadian) was received in 1964. In December 1964, the Company acquired all the outstanding capital stock of N. V. Lichtdrukpapierfabriek "De Atlas", a Netherlands corporation. The cost of investments in and advances to these companies, which is included in other investments and advances, is approximately \$470,000 in excess of the equity in their net assets at December 31, 1964.

(4) DEPRECIATION AND AMORTIZATION POLICY:

It is the policy of the Companies to provide for depreciation and amortization of fixed assets generally at straight-line rates based on the estimated service lives of the property. The ranges of annual depreciation rates, generally, were as follows:

Land improvements	2%—10%
Buildings and building equipment	2%—10%
Machinery and equipment	3%—20%

Maintenance and repairs, and minor renewals and betterments are charged directly to expense. Additions and the more important renewals and betterments are capitalized. Since January 1, 1959 purchases of assets with a unit cost of \$200 or less have been charged to expense. In 1961, the remaining net book value of such assets acquired prior to 1959, amounting to \$720,000, was charged as additional depreciation expense.

GENERAL ANILINE & FILM CORPORATION
AND CONSOLIDATED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (Continued)

(4) DEPRECIATION AND AMORTIZATION POLICY (Continued):

Upon the sale or retirement of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts; the resulting profit or loss is reflected in income.

Leasehold improvements are, in general, amortized on a straight-line basis over the terms of the respective leases.

(5) FEDERAL INCOME TAXES:

The Federal income tax returns of the Company and its subsidiaries have been examined by the Internal Revenue Service through 1961. The Company believes that adequate provision has been made for any assessments of additional tax which may arise as to years not yet examined and settled.

For Federal income tax purposes only, the Companies use accelerated depreciation methods and, since 1962, the shorter "Guideline" lives as permitted by the U. S. Treasury Department. The resulting reductions in the provisions for current Federal income taxes have no effect on net income, however, since amounts equivalent to such reductions are provided for deferred Federal income taxes.

The investment credit available under the Revenue Act of 1962 is being deferred and reflected in income ratably over the estimated service lives of the respective assets.

(6) LOAN AGREEMENTS AND DIVIDEND RESTRICTIONS:

Long-term debt represents the non-current portion of the balance of unsecured loans from Metropolitan Life Insurance Company as follows:

2.95% note due June 1, 1967, with a prepayment of \$1,000,000 on June 1, 1966 and balance of \$4,500,000 payable June 1, 1967.

3.5% notes due March 1, 1972, with annual prepayments of \$1,250,000 each on March 1, 1966 through 1971 and balance of \$5,250,000 payable March 1, 1972.

Dividends are restricted under the provisions of the loan agreements. Under the most restrictive of those provisions, \$76,121,281 of the consolidated retained earnings at December 31, 1964 was not available for dividends.

(7) COMMITMENTS AND CONTINGENT LIABILITIES:

At December 31, 1964 there were certain civil lawsuits and claims pending against the Companies which, in the opinion of the Company, will result in no material loss.

At December 31, 1964 the Companies were obligated under long-term leases as follows:

Leases Expiring in	Aggregate Annual Rental
2- 5 years	\$1,270,000
6-10 years	52,000
11-20 years	850,000

At December 31, 1964 the Company had commitments of approximately \$2,250,000 for the acquisition of property, plant and equipment.

GENERAL ANILINE & FILM CORPORATION
AND CONSOLIDATED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (Continued)

(8) PAID-IN SURPLUS:

As a result of a recapitalization of the Company in 1964, \$4,837,166 was added to paid-in surplus. This amount represents the excess of the stated value of the old shares issued, less the carrying value of shares held in the Treasury, over the aggregate par value of the new shares issued.

This addition of \$4,837,166 was the only change in paid-in surplus during the three years ended December 31, 1964.

(9) RETROACTIVE ADJUSTMENT:

In 1961, a provision for contingencies of \$850,000 was charged to expense. It was determined in 1962 that this was no longer required and the amount provided was credited to expense. The statement of consolidated income for the years 1961 and 1962 has been retroactively adjusted to reflect the reversal of this item. As a result, the net income which was reported in the annual reports to shareholders has been increased \$408,000 for 1961 and decreased \$408,000 for 1962.

(10) RETIREMENT PLAN:

The Companies have an employee pension plan under which a pension trust has been established with Bankers Trust Company for the purpose of funding the pension benefits. The plan is non-contributory on the first \$4,200 of each employee's basic annual compensation. Employees may elect to contribute at the rate of 3% of earnings in excess of \$4,200 in order to receive larger benefits.

Upon retirement, all employees will receive retirement income based generally on length of service, compensation levels, and the extent of their own contributions.

The Companies' contributions to the Plan for the five years ended December 31, 1964 were \$1,500,000, \$600,000, \$1,500,000, \$1,000,000 and \$1,200,000, respectively. As of December 31, 1964, the unfunded prior service costs under the plan, based upon a report of actuaries, are approximately \$5,100,000 (including approximately \$2,400,000 as a result of amendments to the plan in 1963 which provided additional prior service credit for certain employees).

(11) EXECUTIVE INCENTIVE COMPENSATION PLAN:

The Company has an incentive compensation plan which provides that, in its discretion, the Board of Directors may credit to the incentive compensation fund as soon as practicable after the close of each calendar year an amount up to 6% of the excess (if any) of adjusted consolidated net income before taxes over 6% of the consolidated net worth at the beginning of the year for which the computation is being made. Awards from such fund are granted by the Board of Directors and are generally payable 50% in the year of award and the balance in installments over a period of two to four years as determined by the Board of Directors. The aggregate awards from the fund in any year may be more or less than the amount credited to the fund in that year; if the awards are less than the amount credited, the excess of the amount credited over the aggregate amount awarded is carried forward and available for distribution in any succeeding year or years, except to the extent that the Board of Directors directs that such excess be removed from the fund.

The provisions for the incentive compensation plan charged to income for each of the five years ended December 31, 1964 were \$447,668, \$110,221, \$640,838, \$470,146 and \$700,657, respectively.

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GENERAL ANILINE & FILM CORPORATION
AND CONSOLIDATED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (Concluded)

(12) SUPPLEMENTARY PROFIT AND LOSS INFORMATION:

The following is a summary of certain expenses:

	Year Ended December 31		
	1962	1963	1964
Maintenance and repairs	\$8,691,079	\$9,265,576	\$9,938,563
Depreciation and amortization of property, plant and equipment	6,224,098	6,676,828	7,231,628
Taxes, other than taxes on income:			
Social security and unemployment ..	1,981,899	1,979,892	1,754,299
Real estate and personal property ..	1,275,079	1,317,091	1,384,226
Other	198,614	169,258	140,276
Rents	2,044,223	2,441,555	2,990,406
Royalties	<u>175,641</u>	<u>231,725</u>	<u>456,900</u>

The above amounts were charged directly to income in the respective periods. Segregation between charges to cost of products sold and to expenses is not practicable.

There were no management or service contract fees paid.

UNDERWRITING AND TERMS OF OFFERING

The several Underwriters named below, acting through their Representatives named on the cover page of this Prospectus, have entered into a Purchase Agreement with the Attorney General pursuant to which they have agreed severally to purchase the following respective numbers of shares of Common Stock of the Company. These purchases are subject to the terms and conditions of the Purchase Agreement, a copy of which is filed as an exhibit to the Registration Statement. Under certain circumstances involving default of one or more Underwriters, the commitments of non-defaulting Underwriters may be increased and less than all such shares of Common Stock may be sold to such Underwriters by the Attorney General.

Underwriter	Address	Number of Shares to be Purchased
Blyth & Co., Inc.	14 Wall Street, New York, N. Y. 10005	862,610
The First Boston Corporation	20 Exchange Place, New York, N. Y. 10005	862,610
Abbott, Proctor & Paine	911 East Main Street, Richmond, Va. 23214	17,000
Adams-Fastnow Company	215 W. 7th Street, Los Angeles, Calif. 90014	2,000
Adams & Peck	120 Broadway, New York, N. Y. 10005	15,000
Allen & Company, Incorporated	30 Broad Street, New York, N. Y. 10004	849,109
Allison-Williams Company	Northwestern Bank Building, Minneapolis, Minn. 55402	5,000
A. E. Ames & Co., Incorporated	2 Wall Street, New York, N. Y. 10005	20,000
Anderson & Strudwick	913 East Main Street, Richmond, Va. 23212	30,000
Andresen & Co.	30 Broad Street, New York, N. Y. 10004	40,000
Arthur, Lestrangle & Co.	2 Gateway Center, Pittsburgh, Pa. 15222	10,000
Astor & Ross	111 Broadway, New York, N. Y. 10006	5,000
Atkinson and Company	U. S. Bank Building, Portland, Ore. 97204	1,500
Auchincloss, Parker & Redpath	1705 H Street, N.W., Washington, D. C. 20006	75,000
Banca Commerciale Italiana	Piazza Della Scala 4, Milan, Italy	75,000
Robert W. Baird & Co. Incorporated	731 North Water Street, Milwaukee, Wisc. 53201	25,000
Beebe, Lavalle & Rude	909 1st City National Bank Building, Houston, Tex. 77002	3,000
Bell & Farrell, Inc.	119 Monona Avenue, Madison, Wisc. 53703	3,000
Bernstein & Company	Frick Building, Pittsburgh, Pa. 15219	2,500
Bigley & Co.	14 Wall Street, New York, N. Y. 10005	15,000
Birely & Company	1700 K Street, N. W., Washington, D. C. 20006	3,000
Bjrr, Wilson & Co., Inc.	155 Sansome Street, San Francisco, Calif. 94104	20,000
Blaine & Company, Inc.	1421 Chestnut Street, Philadelphia, Pa. 19102	2,500
Allan Blair & Company	135 So. LaSalle Street, Chicago, Ill. 60603	1,500
William Blair & Company	135 So. LaSalle Street, Chicago, Ill. 60603	25,000
Blankenship, Blakely & Strand, Inc.	Equitable Building, Portland, Ore. 97104	2,500
Blunt Ellis & Simmons	111 W. Monroe Street, Chicago, Ill. 60603	25,000
George D. B. Bonbright & Co.	100 Powers Building, Rochester, N. Y. 14614	5,000
Bosworth, Sullivan & Company, Inc.	660-17th Street, Denver, Colo. 80202	20,000
E. D. Boynton & Co., Inc.	111 Broadway, New York, N. Y. 10006	2,000
Braun, Monroe & Co.	735 North Water Street, Milwaukee, Wisc. 53202	2,500
Brush, Slocumb & Co. Inc.	465 California Street, San Francisco, Calif. 94104	10,000
Richard J. Buck & Co.	4 Albany Street, New York, N. Y. 10006	50,000
Burrows, Smith and Company	174 South Main Street, Salt Lake City, Utah 84101	3,000
Caldwell Phillips, Inc.	W 2381 First National Bank Building, St. Paul, Minn. 55101	2,500

Underwriter	Address	Number of Shares to be Purchased
Carmen & Co., Inc.	68 Devonshire Street, Boston, Mass. 02109	2,000
Quincy Cass Associates, Inc.	727 West Seventh Street, Los Angeles, Calif. 90017	3,000
The Chicago Corporation	208 S. La Salle Street, Chicago, Ill. 60604	20,000
Chiles & Company	412 Farm Credit Building, Omaha, Neb. 68102	3,000
John W. Clarke & Co.	135 S. La Salle Street, Chicago, Ill. 60603	15,000
C. C. Collings and Company, Inc.	Fidelity-Philz Trust Building, Philadelphia, Pa. 19109	5,000
Julien Collins & Company	105 S. La Salle Street, Chicago, Ill. 60603	5,000
William J. Collins & Co.	U. S. National Bank Building, Portland, Ore. 97204	1,500
Dempsey-Tegeler & Co., Inc.	1000 Locust Street, St. Louis, Mo. 63101	125,000
Dittmar & Company, Inc.	201 N. St. Marys Street, San Antonio, Tex. 78206	10,000
Dooley, Gerrish & Co. Inc.	Ingraham Building, Miami, Fla. 33131	2,500
Douglas Securities, Inc.	209 S. La Salle Street, Chicago, Ill. 60604	3,000
Dreyfus & Co.	2 Broadway, New York, N. Y. 10004	35,000
Eastman Dillon, Union Securities & Co.	1 Chase Manhattan Plaza, New York, N. Y. 10005	600,000
F. Eberstadt & Co.	65 Broadway, New York, N. Y. 10005	35,000
Edelstein, Campbell & Co.	120 Montgomery Street, San Francisco, Calif. 94104	1,500
Eisele & King, Libaire, Stout & Co.	50 Broadway, New York, N. Y. 10004	40,000
Elworthy & Co. Incorporated	111 Sutter Street, San Francisco, Calif. 94104	20,000
Evans & Co., Incorporated	300 Park Avenue, New York, N. Y. 10022	15,000
Evans, MacCormack & Co., Inc.	453 So. Spring Street, Los Angeles, Calif. 90013	7,500
Faher, Clark & Co.	Union Commerce Building, Cleveland, Ohio 44114	10,000
Filor, Bullard & Smyth	26 Broadway, New York, N. Y. 10004	10,000
First Albany Corporation	90 State Street, Albany, N. Y. 12207	10,000
First California Company Incorporated	300 Montgomery Street, San Francisco, Calif. 94104	50,000
First Nebraska Securities Corporation	1001 O Street, Lincoln, Neb. 68501	3,000
First of Michigan Corporation	1200 Buhl Building, Detroit, Mich. 48226	50,000
First Securities Company of Chicago	134 South LaSalle Street, Chicago, Ill. 60603	7,500
First Securities Corporation	111 Corcoran Street, Durham, N. C. 27702	5,000
First Southwest Company	Mercantile Bank Building, Dallas, Tex. 75201	20,000
Folger, Nolan, Fleming & Co., Incorporated	725 15th Street, N. W., Washington, D. C. 20005	50,000
Frankenhush & Co.	52 Wall Street, New York, N. Y. 10005	10,000
M. M. Freeman & Co., Inc.	Philadelphia Natl. Bank Building, Philadelphia, Pa. 19107	3,000
Maxfield H. Friedman	111 Sutter Street, San Francisco, Calif. 94104	3,000
Alester G. Furman Co., Inc.	S. C. National Bank Building, Greenville, S. C. 29602	10,000
Fuss-Schmeizle & Co., Inc.	522 Olive Street, St. Louis, Mo. 63101	7,500
Ganor and Company	744 Broad Street, Newark, N. J. 07102	2,000
Gartman, Rose & Feuer	1 Wall Street, New York, N. Y. 10005	7,500
Ginther & Company	Union Commerce Building, Cleveland, Ohio 44115	2,500
Goodbody & Co.	2 Broadway, New York, N. Y. 10004	300,000
Goodkind, Neufeld & Co., Inc.	711 Fifth Avenue, New York, N. Y. 10022	8,500
W. D. Gradison & Co.	Dixie Terminal Building, Cincinnati, Ohio 45202	10,000
D. F. Greene & Co.	235 Montgomery Street, San Francisco, Calif. 94104	1,500
Greene & Ladd	3rd National Building, Dayton, Ohio 45402	3,000
Gregory & Sons	40 Wall Street, New York, N. Y. 10005	40,000
Oscar Gruss & Son	80 Pine Street, New York, N. Y. 10005	1,000
E. I. Hagen & Co., Inc.	American Bank Building, Portland, Ore. 97205	2,000
Halle & Stieglitz	52 Wall Street, New York, N. Y. 10005	50,000

Underwriter	Address	Number of Shares to be Purchased
Hamerslag, Borg & Co.	25 Broad Street, New York, N. Y. 10004	15,000
Harrison & Company	Fifth Third Bank Building, Cincinnati, Ohio 45202	2,500
Hawkins & Co.	Leader Building, Cleveland, Ohio 44114	3,000
Hayden, Miller & Co.	Union Commerce Building, Cleveland, Ohio 44115	35,000
Hazlett, Burt & Watson	Wheeling Steel Building, Wheeling, W. Va. 26003	1,000
Henry, Franc & Co.	308 N. 8th Street, St. Louis, Mo. 63101	7,500
Herold, Wilson & Gerald	14 Wall Street, New York, N. Y. 10005	3,000
Hess, Grant & Remington, Incorporated	123 S. Broad Street, Philadelphia, Pa. 19109	4,000
Hill Richards & Co., Incorporated	621 South Spring Street, Los Angeles, Calif. 90014	10,000
J. J. B. Hillard & Son	419 West Jefferson Street, Louisville, Ky. 40202	12,000
Hincks Bros. & Co., Incorporated	372 Main Street, Bridgeport, Conn. 06603	3,000
J. H. Hillsman & Co., Inc.	Citizens & Southern Natl. Bk. Building, Atlanta, Ga. 30301	5,000
E. F. Hinkle & Co., Inc.	Equitable Building, Portland, Ore. 97204	1,000
Hinton Jones & Co. Incorporated	1411 4th Avenue Building, Seattle, Wash. 98101	5,000
Hirsch & Co., Incorporated	25 Broad Street, New York, N. Y. 10004	75,000
Hodgdon & Co., Inc.	1101 17th Street, N.W., Washington, D. C. 20005	5,000
Holt & Collins	Russ Building, San Francisco, Calif. 94104	1,000
Howard, Weil, Labouisse, Friedrichs and Company	211 Carondelet Street, New Orleans, La. 70130	4,000
Hughbanks Incorporated	Dexter-Horton Building, Seattle, Wash. 98104	2,000
Hulme, Applegate & Humphrey, Inc.	Union Trust Building, Pittsburgh, Pa. 15219	3,000
E. F. Hutton & Company Inc.	1 Chase Manhattan Plaza, New York, N. Y. 10005	600,000
The Johnson, Lane, Space, Smith Corporation	101 E. Bay Street, Savannah, Georgia 31401	20,000
Jones, Kreeger & Co.	1625 Eye Street, N. W., Washington, D. C. 20006	7,500
Kenower, MacArthur & Co.	1824 Ford Building, Detroit, Mich. 48226	15,000
Kerr & Bell	210 West Seventh Street, Los Angeles, Calif. 90014	2,000
Kidder, Peabody & Co. Incorporated	20 Exchange Place, New York, N. Y. 10005	800,000
Frank Knowlton & Co.	Bank of America Building, Oakland, Calif. 94612	1,000
Kohlmeyer & Co.	217 Carondelet Street, New Orleans, La. 70130	25,000
Laird & Company, Corporation	Wilmington Trust Building, Wilmington, Del. 19899	25,000
W. C. Langley & Co.	115 Broadway, New York, N. Y. 10006	150,000
M. L. Lee & Co., Inc.	135 Broadway, New York, N. Y. 10006	6,000
Lee Higginson Corporation	20 Broad Street, New York, N. Y. 10005	125,000
Mackall & Coe	738 15th Street, N. W., Washington, D. C. 20005	10,000
C. D. Mahoney & Co., Inc.	Baker Building, Minneapolis, Minn. 55402	3,000
Maltz, Greenwald & Co.	120 Broadway, New York, N. Y. 10005	25,000
Manley, Bennett, McDonald & Co.	1100 Buhl Building, Detroit, Mich. 48226	15,000
Marache & Co.	210 W. 7th Street, Los Angeles, Calif. 90014	2,500
Mason Brothers	First Western Building, Oakland, Calif. 94612	10,000
A. E. Masten & Co.	First National Bank Building, Pittsburgh, Pa. 15222	12,000
McCormick & Co. Incorporated	135 S. LaSalle Street, Chicago, Ill. 60603	20,000
McDonald & Company	Union Commerce Building, Cleveland, Ohio 44114	50,000
McDonnell & Co. Incorporated	120 Broadway, New York, N. Y. 10005	137,500
C. S. McKee & Company, Incorporated	Union Trust Building, Pittsburgh, Pa. 15219	1,000
McJunkin, Patton & Co.	Oliver Building, Pittsburgh, Pa. 15222	4,000
Mid-South Securities Co.	American Trust Building, Nashville, Tenn. 37201	7,500
Milburn, Cochran & Company, Inc.	110 E. 1st Street, Wichita, Kan. 67202	2,500
The Milwaukee Company	207 East Michigan Street, Milwaukee, Wisc. 53202	20,000
Mitchell, Hutchins & Co., Incorporated	231 South LaSalle Street, Chicago, Ill. 60604	5,000
Mitchum, Jones & Templeton, Incorporated	510 So. Spring Street, Los Angeles, Calif. 90013	20,000
Model, Roland & Co.	120 Broadway, New York, N. Y. 10005	50,000

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Underwriter	Address	Number of Shares to be Purchased
Moroney, Reissner & Co., Inc.	1309 Bank of the Southwest Building, Houston, Tex. 77002	10,000
Nauman, McFawn & Co.	Ford Building, Detroit, Mich. 48226	3,000
New York Hanseatic Corporation	60 Broad Street, New York, N. Y. 10004	50,000
Newburger & Company	1401 Walnut Street, Philadelphia, Pa. 19102	40,000
Newburger, Loeb & Co.	5 Hanover Square, New York, N. Y. 10004	75,000
Newhard, Cook & Co.	400 Olive Street, St. Louis, Mo. 63102	35,000
David A. Noyes & Company	208 S. LaSalle Street, Chicago, Ill. 60604	5,000
J. A. Overton & Co.	P. O. Box 326, Coronado, Calif. 92118	10,000
Pacific Northwest Company	United Pacific Building, Seattle, Wash. 98104	10,000
Paine, Rice & Company	Old National Bank Building, Spokane, Wash. 99201	3,000
Paine, Webber, Jackson & Curtis	25 Broad Street, New York, N. Y. 10004	500,000
J. Lee Peeler & Company, Inc.	Trust Building, Durham, N. C. 27702	2,500
Phillips, Appel & Walden	111 Broadway, New York, N. Y. 10005	10,000
Charles Plohn & Co.	70 Pine Street, New York, N. Y. 10004	35,000
Pohl & Company, Inc.	Dixie Terminal Building, Cincinnati, Ohio 45202	10,000
Powell, Kistler & Co.	110 Old Street, Fayetteville, N. C. 28301	4,000
Prescott & Co.	National City Bank Building, Cleveland, Ohio 44114	30,000
Propp & Company, Inc.	400 Park Avenue, New York, N. Y. 10022	7,500
Putnam, Coffin & Burr	64 Wall Street, New York, N. Y. 10005	40,000
Rader & Company	1003 Union Planters Bank Building, Memphis, Tenn. 38103	3,000
Rambo, Close & Kerner, Incorporated	1518 Locust Street, Philadelphia, Pa. 19102	1,500
Rankin & Co.	Bank of Ga. Building, Atlanta, Ga. 30303	5,000
James N. Reddock & Company	Sterick Building, Memphis, Tenn. 38103	10,000
Refines, Ely, Beck & Co.	112 W. Adams Street, Phoenix, Ariz. 85003	5,000
Andrew C. Reid & Company	Ford Building, Detroit, Mich. 48226	4,000
Reynolds & Co.	120 Broadway, New York, N. Y. 10005	350,000
Roberts, Scott & Co., Inc.	Home Tower Building, San Diego, Calif. 92112	10,000
Robinson and Lukens	Union Trust Building, Washington, D. C. 20005	4,000
Roose, Wade & Company	Toledo Trust Building, Toledo, Ohio 43604	2,500
Rosenthal & Co.	40 Wall Street, New York, N. Y. 10005	20,000
Ross, Lyon & Co., Inc.	41 East 42nd Street, New York, N. Y. 10017	5,000
Rothschild & Co.	135 S. LaSalle Street, Chicago, Ill. 60603	10,000
Roulston & Company, Inc.	1010 Euclid Avenue, Cleveland, Ohio 44115	7,500
Russ & Company, Incorporated	Alamo Natl. Building, San Antonio, Tex. 78205	7,500
J. N. Russell & Co., Inc.	1582 Union Commerce Building, Cleveland, Ohio 44115	5,000
Turner, Jackson & Gray, Inc.	811 W. 7th Street, Los Angeles, Calif. 90017	10,000
Sade & Co.	905-16 Street, N.W., Washington, D. C. 20005	4,000
Sage, Rutty & Co., Inc.	45 Exchange Street, Rochester, N. Y. 14614	2,500
Salomon Brothers & Hutzler	60 Wall Street, New York, N. Y. 10005	849,109
Sanders & Company, Inc.	Republic Natl. Building, Dallas, Tex. 75201	3,000
Saunders, Stiver & Co.	Terminal Tower Building, Cleveland, Ohio 44113	30,000
Chas. W. Scranton & Co.	209 Church Street, New Haven, Conn. 06507	10,000
Shaw, Hooker & Co.	1 Montgomery Street, San Francisco, Calif. 94104	1,000
Shearson, Hamill & Co. Incorporated	14 Wall Street, New York, N. Y. 10045	550,000
Silberberg & Co.	40 Wall Street, New York, N. Y. 10005	7,500
B. L. Simmons Company, Inc.	120 Broadway, New York, N. Y. 10005	5,000
Simpson, Emery & Company, Inc.	1115-1117 Plaza Building, Pittsburgh, Pa. 15219	2,500
Smith, Moore & Co.	509 Olive Street, St. Louis, Mo. 63101	10,000
Southwick, Campbell, Waterman Co.	Washington Building, Seattle, Wash. 98101	2,500

purchase of such shares will not cause the total number of shares purchased by it and all of its affiliated institutional investors to exceed 250,000 shares;

(3) no more than 1,116,644 additional shares (10% of all the shares) pursuant to the proviso of paragraph (2);

(4) no more than 15% (1,675,000 shares) by nationals of countries other than the United States; and

(5) no more than 3% (335,000 shares) by nationals of any one such country.

The Purchase Agreement also provides that, if the Underwriters shall have been unable to dispose of all of the shares of Common Stock to which this Prospectus relates by the closing date for their sale by the Attorney General to the Underwriters, then the limits in (1) and (2) above will be increased to permit persons who are not nationals of a country other than the United States to purchase 5,000 shares in the case of any person other than an institutional investor and 250,000 shares in the case of any institutional investor.

Each Underwriter has also agreed, and the Underwriters will cause each dealer to whom they allot shares to agree, not to fill an order in the public offering if it has knowledge that the filling of such order will cause any of the foregoing limitations to be exceeded or unless it shall have obtained from the person placing such order the certificate mentioned in the next sentence. Each person purchasing shares in the public offering will be required to furnish for the benefit of the Attorney General a certificate setting forth information relating to these limitations and to agree that any wilful material misrepresentation in his certificate will, at the election of the Attorney General, result in forfeiture to the Attorney General of the shares or, if they have been transferred, of the greater of the purchase price paid by such person or the amount received by him on resale. These limitations and requirements will be applicable only to the distribution of the shares in the public offering made hereby; they will not apply to shares which are traded after the public distribution has been effected by the Underwriters.

The Purchase Agreement provides that the price to be paid to the Attorney General by each of the several Underwriters shall include its proportionate share of the amount (\$1,115,000) specified by the Attorney General as his expenses incurred or to be incurred in connection with the sale of the shares of Common Stock to which this Prospectus relates (including certain expenses of the Company to be reimbursed to it by the Attorney General). In addition, the Underwriters will pay all stock transfer taxes on the purchase of the shares from the Attorney General.

The Company has obtained commitments for indemnity insurance to the extent of \$97,000,000 in the aggregate indemnifying each Underwriter (and each person, if any, controlling such Underwriter), the directors and officers of the Company, and the Company, all of the foregoing ranking *pari passu*, against certain claims and liabilities, including liabilities under the Securities Act of 1933, as amended, that might arise in connection with the offer and sale by the Underwriters of the shares of Common Stock to which this Prospectus relates. The premium paid by the Company for such insurance will be reimbursed by the Attorney General and is included in the amount of expenses specified by the Attorney General as stated in the immediately preceding paragraph.

The shares of Common Stock offered by this Prospectus are offered by the Underwriters in part directly to the public initially at the public offering price referred to on the cover page of this Prospectus, and in part (for resale to the public) to certain securities dealers at such offering price less a selling

concession not exceeding \$.60 per share. After the initial public offering, the public offering price and such concession may be changed.

ADDITIONAL INFORMATION

The Company has filed a Registration Statement in respect of the Common Stock to which this Prospectus relates with the Securities and Exchange Commission, Washington, D. C. 20549 under the Securities Act of 1933, as amended. This Prospectus does not contain all the information set forth in the Registration Statement, certain portions of which have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The information so omitted may be obtained from the Commission's principal office in Washington, D. C. upon payment of the fees prescribed by the Commission.

Except where otherwise indicated, this Prospectus speaks as of its date of issue. Statements contained in this Prospectus as to the contents of any document referred to are not necessarily complete, and in each instance reference is made to the copy of such document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.